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Report Highlights:

The U.S. will remain the major supplier of poultry meat, predominantly chicken leg quarters, to Ukraine in 2001. Imports, however, are not projected to increase in 2001 due to high official import duties and taxes. Domestic poultry meat and egg production will continue to decline in 2001 as a result of the decreased availability of compound feed and increasing grain prices. Imports of further processed egg products are projected to increase following the demand from the domestic food processing industry.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Section I. Narrative

Executive Summary

It is expected that the United States will continue to be the major supplier of poultry meat to Ukraine in 2001, if the existing government import regime remains unchanged. Most imports will continue through Poland and the Baltic States in small and often unrecorded shipments. Domestic poultry meat and egg production will decline as a result of the decreasing availability of feed, the lack of protein, and unbalanced feeding rations. The share of broilers in the domestic poultry meat production will remain very low because the vast majority of chickens will continue to be raised by the private individuals in small flocks that are utilized for both eggs and poultry meat production. Overall consumption of poultry meat and eggs will decrease as a result of the declining purchasing power of Ukrainian consumers. Imports of further processed egg products, however, are projected to increase in response to the demand from the food processing industry.

Poultry Meat

The production of poultry meat in Ukraine will continue to decline in 2001 due to the decreasing domestic production of protein feed and the inability of the poultry and feed mill industries to purchase imported feeds and ingredients. Poultry production will be increasingly concentrated into small flocks (30 birds on average) that are raised by individual households. These are often range-fed flocks with feed grains supplemented in their diets. According to official statistics, 78% of poultry was raised by small-scale, private farmers at the end of 1999. The total poultry meat production and slaughter in 1999 and beginning inventories for 2000 have been updated based on the official statistics.

The share of broilers in the Ukrainian poultry flocks will remain low in 2001 due to high domestic feed and other production costs and strong competition with the imported product. There is still no reliable information on broiler meat production in Ukraine. In 2001, it is expected that the larger share of chicken meat produced in Ukraine will continue to be spent hens that are utilized by the individuals for both eggs and meat production.

Frozen broiler cuts will continue to be the main type of poultry meat imported to Ukraine. According to official import statistics, Ukraine imported only 350 MT of turkey meat and 560 MT of other poultry, while the remaining imports were chicken meat. Chicken parts constituted 98.2% of all imports. Chicken parts will continue to be the most dominate imports due to consumer preferences for lower priced products and, partially, because Ukrainians traditionally prefer juicier and softer chicken legs to drier white meat. The import trade matrix for broiler meat was provided with the assumption that the majority of imported into Ukraine chicken legs, leg quarters and cuts is broiler meat at the same time.

Official imports of poultry meat in 2001 will likely remain unchanged from the current year due to high import duties and the non-transparent import regime. In 1999, official statistics reported that poultry meat imports into Ukraine rebounded and reached an estimated value of \$87 million, including \$76 million worth of U.S. poultry meat. Market operators, however, attribute this officially recorded increase only to the fact that some importers who had enjoyed import duty and VAT privileges from the Government of Ukraine (GOU) officially declared products that were most likely under reported previously. According to the market sources, the total poultry meat imports in 1999 were significantly higher and reached approximately 110-120 thousand MT with at least 100 thousand MT of U.S. origin.

There have been some positive moves toward the creation of a transparent import regime for poultry meat in Ukraine. The Ukrainian government eliminated the minimum price valuations by its resolution dated July 29, 2000. The GOU also eliminated the privileges that some joint ventures enjoyed in paying import duties and taxes. However, a 20% VAT and high import duties remain in place since 1997 (UP 8006 as of 05/22/1998). Currently, the official import tariff for all imported poultry meat and offal (HS #0207) is 30%, but not less than EURO 1.5 per kilogram. The import tariff for chicken and turkey cuts (HS # 020713; 020714 and 020725; 020726) is EURO 0.7 per kilogram. It is projected that poultry meat smuggling will remain high and may even increase in 2001 due to the official barriers. The majority of poultry imports will continue to be transhipped from Poland and the Baltic States in 2001.

It is difficult to estimate the level of domestic poultry consumption because of unrecorded imports. It is projected that overall poultry meat consumption in 2001 will decline as a result of decreased domestic production and lower consumer spending.

Ukraine significantly increased exports of edible chicken offal in 1999 up to 830 MT compared with only 3 MT exported in 1998. Exports of chicken meat declined during the same period from 68 MT to less than 1 MT. The Russian Federation has been the major destination for all Ukrainian poultry meat exports.

Eggs

Ukrainian egg production and consumption will continue to decline in 2001 after a relative increase in 1999. The drop is due to the decreasing purchasing power of the population and increasing production costs which are being passed on to consumers. It is also expected that the price increases for eggs in 1999 will not be significant enough to compensate for increased feed prices. This, in turn, will be a disincentive for production. Farmers will likely continue to reduce layer inventories in 2001 in order to maintain productivity.

Imports of dried egg yolks, dried eggs and other processed egg products are projected to increase due to the decline in their domestic production and the rapid increase in domestic production of confectionary products. Imports of dried egg yolks in 1999 increased to 197 MT, or 2.3 times higher compared with 1998. The overall imports of dried eggs and egg products in 1999 increased to 479 MT from 442 MT in 1998. Imports of hatching and in shell eggs in 2001 are projected to remain unchanged and will be limited to the cross border trade with Belarus, the Russian Federation and other neighboring countries. Exports of eggs and egg products will remain insignificant and will also be limited to cross border trade with the neighboring countries.

There have been no changes in the tariff rates for eggs or egg products since 1997 (UP 8006 as of 05/22/1998). The import tariff for in shell eggs (HS # 0407000040) is 30% but not less than EURO 0.05 per one egg. The tariff is zero only for turkey and geese eggs for hatching. The import tariff for dried or fresh egg yolk, dried eggs (all HS # 0408) is 30% but not less than EURO 1 per kilogram.

Section II. Statistical Information

PSD Table, Poultry Meat , Total

PSD Table						
Country	Ukraine					
Commodity	Poultry, Meat, Total				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	129	129	125	126	0	120
Slaughter (Reference)	130	141	130	135	0	130
Beginning Stocks	100	100	90	101	72	82
Production	200	204	185	190	0	180
Whole, Imports	1	2	1	2	0	2
Parts, Imports	35	87	32	70	0	70
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Total Imports	36	89	33	72	0	72
TOTAL SUPPLY	336	393	308	363	72	334
Whole, Exports	0	1	0	0	0	0
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Total Exports	0	1	0	0	0	0
Human Consumption	245	290	235	280	0	270
Other Use, Losses	1	1	1	1	0	1
Total Dom. Consumption	246	291	236	281	0	271
TOTAL USE	246	292	236	281	0	271
Ending Stocks	90	101	72	82	0	63
TOTAL DISTRIBUTION	336	393	308	363	0	334
Calendar Yr. Imp. from U.S.	32	75	29	65	0	65

Import Trade Matrix, Poultry Meat, Total

Commodity	Poultry, Meat, Total		
Time period	Jan-Dec.	Units:	1 MT
Imports for:	1998		1999
U.S.	37,165	U.S.	77,497
Netherlands	11,935	Netherlands	6,422
Italy	845	Cyprus	1,161
Belgium	519	France	706
Estonia	363	Germany	591
Germany	160	Slovakia	425
France	123	Belgium	180
Hungary	114	Poland	145
Denmark	76	Estonia	70
Poland	58	Canada	48
Russian Federation	40		
Others	71	Others	1,471
Total	51,469	Total	88,716

Price Table, Poultry Meat, Total

Commodity	Poultry, Meat, Total		
Prices in		per uom	1 kilogram
Year	1998	1999	% Change
Jan	4.91	6.30	28.31%
Feb	4.98	6.24	25.30%
Mar	4.96	6.25	26.01%
Apr	4.91	6.37	29.74%
May	4.91	6.54	33.20%
Jun	4.90	6.67	36.12%
Jul	4.89	6.82	39.47%
Aug	4.91	7.08	44.20%
Sep	5.26	7.11	35.17%
Oct	5.87	7.16	21.98%
Nov	6.05	7.20	19.01%
Dec	6.18	7.43	20.23%

* Average monthly prices in retail trade for chicken meat (Source: State Statistics Committee of Ukraine)

**The official average annual exchange rate between the Ukrainian Hryvna (UAH) and US\$ in 1998 was UAH 2.45/US\$ 1 and UAH 4.13/US\$ 1 in 1999 (Source: National Bank of Ukraine)

PSD Table, Broiler Meat

PSD Table						
Country	Ukraine					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	29	29	20	40	19	36
Production	20	20	20	20	0	20
Whole, Imports	1	1	1	1	0	1
Parts, Imports	33	83	31	65	0	65
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Total Imports	34	84	32	66	0	66
TOTAL SUPPLY	83	133	72	126	19	122
Whole, Exports	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Human Consumption	63	93	53	90	0	87
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	63	93	53	90	0	87
TOTAL USE	63	93	53	90	0	87
Ending Stocks	20	40	19	36	0	35
TOTAL DISTRIBUTION	83	133	72	126	0	122
Calendar Yr. Imp. from U.S.	0	76	0	63	0	63

Import Trade Matrix, Broiler Meat

Commodity	Plty, Meat, Chicken -16 wks*		
Time period	Jan-Dec.	Units:	1 MT
Imports for:	1998		1999
U.S.	35,873	U.S.	75,372
Netherlands	9,865	Netherlands	5,028
Italy	541	Cyprus	615
Belgium	122	Germany	240
Estonia	908	Poland	64
Poland	58	Canada	48
Germany	40	France	21
Russian Federation	40	Belgium	20
Turkey	30		
Others	0	Others	0
Total	35,873	Total	75,372

* Imports of primarily chicken legs, thighs and leg quarters.

PSD Table, Poultry Eggs

PSD Table						
Country	Ukraine					
Commodity	Poultry, Eggs				(MIL PCS)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Layers	45	45	44	42	0	40
Beginning Stocks	100	100	100	100	85	94
Production	8,300	8,740	8,000	8,000	0	7,700
Hatch Eggs, Imports	10	8	10	10	0	10
Shell Eggs, Imports	20	14	15	15	0	15
Other Imports	10	70	10	70	0	80
Intra EC Imports	0	0	0	0	0	0
Total Imports	40	92	35	95	0	105
TOTAL SUPPLY	8,440	8,932	8,135	8,195	85	7,899
Hatch Eggs, Exports	2	6	2	5	0	5
Shell Eggs, Exports	1	0	1	1	0	1
Other Exports	1	6	1	5	0	3
Intra EC Exports	0	0	0	0	0	0
Total Exports	4	12	4	11	0	9
Hatch Eggs, Consumption	450	450	400	410	0	400
Shell Eggs, Human	7,736	8,000	7,496	7,300	0	7,000
Shell Eggs, OT.Use/Loss	150	170	150	160	0	150
Other Dom. Consumption	0	200	0	220	0	250
Total Dom. Consumption	8,336	8,820	8,046	8,090	0	7,800
TOTAL USE	8,340	8,832	8,050	8,101	0	7,809
Ending Stocks	100	100	85	94	0	90
TOTAL DISTRIBUTION	8,440	8,932	8,135	8,195	0	7,899
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Import Trade Matrix, Poultry Eggs

Commodity	Poultry, Eggs*		
Time period	Jan-Dec	Units:	1 MT
Imports for:	1998		1999
U.S.	0	U.S.	0
Russian Federation	339	Israel	175
Belarus	50	Russian Federation	164
Germany	38	Estonia	104
Estonia	10	Ireland	21
France	4	Germany	11
Sweden	1	France	2
Others	0	Others	1
Total	442	Total	478

* Fresh and dried yolks, fresh or dried birds' eggs not in shell (all HS # 0408)

Price Table, Poultry Eggs

Commodity	Poultry, Eggs		
Prices in		per uom	10 eggs
Year	1998	1999	% Change
Jan	2.95	2.63	-10.85%
Feb	2.16	1.97	-8.80%
Mar	1.69	1.84	8.88%
Apr	1.73	1.88	8.67%
May	1.63	1.57	-3.68%
Jun	1.38	1.72	24.64%
Jul	1.50	1.75	16.67%
Aug	1.57	1.84	17.20%
Sep	1.67	2.16	29.34%
Oct	2.13	2.45	15.02%
Nov	2.24	2.73	21.88%
Dec	2.76	3.25	17.75%

*Average monthly prices in retail trade for fresh eggs (Source: State Statistics Committee of Ukraine)

**The official average annual exchange rate between the Ukrainian Hryvna (UAH) and US\$ in 1998 was UAH 2.45/US\$ 1 and UAH 4.13/US\$ 1 in 1999 (Source: National Bank of Ukraine)